WRS, Inc.
WRS Motion Picture & Video Laboratory
1000 Napor Blvd.
Pittsburgh, Pennsylvania 15205

(412)937-7700
(412)922-1020 FAX
(412)922-7726

ACCOUNT APPLICATION

Applicant's Legal Name Plaza Entertainment, Inc. D.B.A. Family Universal Network

Street Address 304 N. Edinburgh

City/State/Zip Los Angeles CA 90048 Telephone # 213-852-1800 Fax # 213-852-1808

Parent Co. ______ Address ______

Telephone # ______ Fax # ______

Type of Business
✓ Corporation ___Non-Profit ___Proprietorship ___Partnership Fed. ID# 95-4580273

Year Incorporated March 15, 1996 State of Incorporation California Year Business Organized 1996

Is your business in good standing: Yes ✓ No___

All tax reports required to be filed are current: ✓ Yes ___No

PERSONAL INFORMATION ON PRINCIPAL OFFICERS, ALL GENERAL PARTNERS, OR ALL GUARANTORS. If additional space is required, please attach.

1 Eric Parkinson — C.E.O. — 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
Name / Title / Social Security No.
5025 Gloria Ave. — Encino — CA — 91436 — 818-907-1889
Home Address / City / State / Zip / Home Phone No.

2 Charles P. von Bernuth — C.O.O. — 11875 PRADERA RD. CAMARILLO CA. 93012 — 805 50 491-88
Name / Title / Social Security No.
11875 PRADERA RD — CAMARILLO — CA — 93012 — 805-491-8820
Home Address / City / State / Zip / Home Phone No.

3 John C. Herklotz — Chairman
Name / Title / Social Security No.
2322 "A" VIA DUECITA — LAGUNA HILLS — CA — 92653 — 714-454-0270
Home Address / City / State / Zip / Home Phone No.

TRADE REFERENCES (unrelated to applicant or parent)

1 J.T. Packaging — 10746 FRANCIS PL. #348 — L.A. 90034 — 714-903-0163 — 310-204-4187 — John Tallarico
Name of Supplier / Street/P.O. Box / City/State / Telephone No. / Fax No. / Contact Person

2 Disney Adventures Mag.
Name of Supplier / Street/P.O. Box / City/State / Telephone No. / Fax No. / Contact Person

3 Juniper Pictures Releasing — 111 GREAT NECK RD #604 — GREAT NECK, NY 11021 — 516-829-4670 — -4691 — Paul Hrejlanovic
Name of Supplier / Street/P.O. Box / City/State / Telephone No. / Fax No. / Contact Person

LABORATORIES/VIDEO FACILITIES PREVIOUSLY USED

1 Dubs, Inc. — 1220 N. HIGHLAND — CA 90038 — 323-461-3721 — Shelly Yaseen
Name / Street/P.O. Box / City/State / Telephone # / Contact Person

2 Edgewise Labs — 5441 East LA Palma — Anaheim Hills — 714-693-7997 — Marissa Chao
Name / Street/P.O. Box / City/State / Telephone # / Contact Person

EXHIBIT
A

8-18-98

BANK REFERENCES - TWO YEAR HISTORY

1 Bank of America - Cent City 2049 Century Park East, Los Angeles, CA 90067
Name of Bank/Branch Street/P.O. Box City/State

14179-00891 310-785-6054 Yolanda Velasquez
Chkg. Acct. # Loan Acct. # Telephone No. Contact Officer

2 Imperial Bank 9757 Wilshire Blvd. Beverly Hills, CA 90210
Name of Bank/Branch Street/P.O. Box City/State

60-081-131 310-417-5600 Patrick Lee
Chkg. Acct.# Loan Acct. # Telephone No. Contact Officer

TYPE OF PRODUCTIONS: Film ✓ Video ✓ Fulfillment ___
TV ✓ Theatrical ✓ Commercial ___ Educational ✓ Industrial ___ Defense ___ Miscellaneous ___

Estimated Maximum Dollar Requirements for 30 day period: $ 500,000

Sales Tax Exempt No. SRAS 97174917 State California

Have you or your company ever been involved in a bankruptcy or receivership? Yes ___ No ✓

The following financial information may be required to process your application should WRS not be able to obtain sufficient information from trade and bank references supplied. In order to facilitate credit approval inclusion of the following will expedite the credit process.

Corporation: Current interim and last two (2) years financial statements and/or federal income tax returns.
Partnership and Proprietorship: Last two (2) years federal income tax returns.

The above information is for the purpose of obtaining credit and is warranted to be true. I/we hereby authorize WRS to investigate the references listed pertaining to my/our credit and financial responsibility. And I/we authorize WRS to investigate any facts, or obtain and exchange reports regarding this application and/or resulting account with credit reporting agencies and others. Upon request I/we will be informed of each agency's name and address.

I have read, understood and agree to be bound by WRS's terms and conditions included as part of this application. I agree that all credit granted persuant to the application shall be bound by these terms and conditions. Certifying that all the above information is true and correct as of this date. I understand that any credit now or hereafter given me is made upon the strength of the statements contained herein.

Date: 7-24-98 Applicant's Signature: [signature]

Title: ERIC PARKINSON, PRESIDENT, C.E.O.

TERMS & CONDITION
.TATIONS OF LIABILITY

Limitations of the Laboratory

This company respectfully points out that as its prices are never proportionate to value of the negatives, positives, video masters and other client property entrusted to it, Customer's property is received, developed, printed, duplicated and stored, etc. by this Company only at Customer's risk, and this Company does not accept any responsibility for any loss or damage to such material from any cause whatsoever. Customer should therefore, insure all products delivered to this Company against all risks. In no event, including negligence or gross negligence of this Company, shall this Company be liable for the loss or damage of any material delivered to it by or for the account Customer for any amount in excess of the replacement value of the raw film or tape stock involved.

This Company will exercise reasonable care and will exert its best efforts to produce high quality work hereunder, but does not make any warranty nor does it assume any responsibility as to the character or quality of the material or service to be furnished or provided by it hereunder, nor as to the results of any of its undertakings hereunder. Without limiting the foregoing in any particular, this Company shall not be liable for loss of any kind whatsoever due to delays or failure in performance caused directly or indirectly by Acts of God, strikes, fire, failure of transportation agencies, public enemy, the elements, war, insurrection, shortages of labor or material, Government regulation, damage or accident to machinery or equipment, electric power or other utility failures, injury or damage to, or loss of, films delivered to this Company by Customer, or any other cause.

Limitations of Warranties

THIS COMPANY GIVES NO WARRANTY, EXPRESS OR IMPLIED, AS TO MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE, DESCRIPTION, QUALITY OR OTHERWISE WITH RESPECT TO THE DEVELOPMENT, PRINTING AND PROCESSING OF FILM, VIDEO TRANSFER, DUPLICATING OR PACKAGING AND OTHER SERVICES OR MATERIAL PROVIDED BY IT.

Laboratory Lien on Film or Tapes

In addition to any other liens or remedies given to this Company under applicable law or elsewhere in these conditions, this Company shall have a security interest in and a lien on all original material, dupes, prints, masters, dubs and other property of Customer as security for the payment of the services and materials furnished to Customer in connection with the particular film, tape or other property in custody of this Company but also on any other film, tape or property of Customer obtained either prior to or subsequent to this Company's acquisition or possession of the property upon which such security interest or lien is being asserted. Customer hereby agrees that this Company shall have all the rights of a secured creditor under Pennsylvania and other applicable law with respect to all film, tape and other property of Customer in possession of this Company.

The Customer agrees that if the Company shall have to enforce its rights under said lien, either the Company or any party acquiring ownership of such property at private or public sale shall have, and is hereby granted, a license under the underlying contracts and literary material of such films, to distribute, exhibit, televise and otherwise exploit such titles for its own account in any media.

The Company will store negatives and positives of films and videotapes during the time of production and release printing or dubbing and for a reasonable period thereafter, for up to six months after last release prints or dubs are made by Company. However, Customer acknowledges that Company is not a warehouse and that it is not economically feasible for, nor is it a proper function of the laboratory to provide storage for negatives or masters which are used only occasionally for libraries, reruns, etc., and therefore, it will be necessary to charge a monthly storage for all materials left with the Company beyond the primary manufacturing period.

Within thirty days after written notice from this company, Customer agrees to remove at its own expense, all extraneous elements contained in said notice from this Company. In the event the Customer fails to remove all or any part of said elements, this Company shall have the right to destroy or otherwise dispose of such elements without liability to customer or any other person. Customer hereby covenants and agrees to indemnify and hold this Company harmless from all liability arising out of or in connection with the destruction or disposition of any such titles or elements of same.

Customer agrees that failure to pay said incidental charge for storage and keeping shall give the Company a lien on the film, tape or other property for such charges and the right to sell the film to satisfy said lien and costs of sale pursuant to Pennsylvania Law.

Removal of Left-Over Films or Tape

The Customer agrees to remove from this Company's premises, all negative and positive outtakes, trims, and unused films, tape or other property in connection with each project produced by Customer within ninety days after the completion of said project, or within ninety days after the last work thereon in case production on said project is terminated, and further agrees that upon Customer's failure to do so, this Company may dispose of such outtakes, trims an unused material as it sees fit, including the destruction thereof. Customer agrees to indemnify and hold this Company harmless from all liabilities arising out of or in connection with this Company's disposition or destruction of such left-over material. Lab disposition of materials or communications may be to the last known address of Customer, in which case laboratory shall not be obligated to search further for Customer.

Laboratory Warranty

Should a print or dub be found defective, or labeled or shipped in error, the Company will promptly replace or repair such defective product and/or correct an error in shipment at its expense, provided the defective print or dub is returned and written notice of such imperfection and/or error in labeling or shipment is given this Company within twenty days after shipment. But, in no event shall this Company be liable for any consequential damages. Company's liability to Customer or any other person shall be limited to the replacement or repair of defective prints or dubs or the correction of such errors in shipment or labeling. A check-print or dub must be ordered by Customer from any duplicate negative, positive or master made. Video check dubs are also recommended to be viewed by the customer prior to making volume orders, so that the customer can be sure that the result meets their expectations. This Company will replace duplicate negatives, positives or submasters, etc., if WRS work is found to be defective by way of such check-print/dub.

Minimum and Special Prices	The per foot or per un[illegible] [illegible]s specified on the regular schedules are predicated [illegible]n a production basis and are calculated so as to give the Customer the best price possible on volume orders. Processing and operations on short lengths of film or tape create special conditions which necessitate the establishment of minimum and/or additional charges as listed.
	All prices are subject to any fluctuation in cost of raw material and labor, retroactive to effective date thereof and are subject to change without notice.
Standard Synchronization	Preprint material must be provided with standard leaders bearing clear and proper synchronization marks. Any errors in synchronization shall be the responsibility of the Customer. Customer agrees to indemnify and hold this Company harmless from all liability arising out of or in connection with errors in synchronization.
Old Negatives	Old or shrunken negatives, or those showing any unusual photographic or physical condition, breaking splices, etc., are accepted for printing with the understanding that a charge will be made for lost time and/or materials whether or not a satisfactory print is ultimately produced.
	Customer understands and acknowledges that it is this Company's policy not to accept or process any nitrate material without our knowledge. Customer warrants that none of the film elements or film delivered to or stored with this Company contain or will ever contain nitrate, except with advance laboratory knowledge and written consent. Customer agrees to indemnify and hold this Company harmless from all liabilities arising out of or connected with any nitrate film elements or film for Customer or other persons delivered to or stored with Company by Customer with or without Company's consent.
Shipping, Handling Charges	All prices are F.O.B. this Company's laboratory where such work was done and are subject to any and all applicable state and local taxes. In the absence of any & insurance other instructions from the Customer, Company will make shipments via the carrier of its choice subject to that carriers standard insurance rate unless client specifically requests in writing additional insurance which in all cases is at Customer's expense.
Delivery of Film or Tapes	Any shipping dates or delivery dates given to Customer by this Company are approximate and for Customer rough guidance only if any conditions whatsoever arise which prevent compliance with delivery schedule, this Company shall not be liable to Customer or any other person or entity for any losses, damage, liability or delay in delivery nor for failure to give notice of delay and such delays shall not constitute grounds of cancellation or defense set off or counterclaim.
Customer Liability	This Company may refuse to print, process or make dubs without incurring any liability to Customer, any film or tape which this Company in its sole discretion deems unlawful, pornographic, degrading or which it deems as tending to incite prejudice or passion. Customer hereby agrees to indemnify and hold this Company harmless from all liability arising out of or in connection with publication, processing, distribution, exhibition or content of film, tapes, or other elements delivered to Company, including liability for libel, slander, invasion of privacy, defamation of character, violation of any patent, copyright, trademark or any other proprietary right. Customer agrees, upon written notice from this Company at Customer's sole cost and expense to promptly defend any claim, demand, action or preceding of whatsoever nature in any jurisdiction to which this Company may be a party or which it may be threatened to be made a party which involves or is based all or in any part on any liability which Customer has agreed to indemnify and hold this Company harmless under any provision of these conditions.
Ownership of Films or Tapes	Customer warrants that it is the sole owner of all films or tapes delivered to Company by Customer or for Customer's account for storage, developing, printing, processing or duplicating of any kind or for any other purpose. Customer warrants that it now and at all times while any such element is in possession of this Company will be the sole owner and proprietor of all necessary rights in connection with any such element, including without limitation the copyright of such film or tape, the music, motion picture, television, literary and dramatic rights. Customer warrants that the film and tapes delivered to or in possession of this Company are not subject to any security interest, assignment, lien or encumbrance of any person or company. As long as Customer is indebted to this Company or any films or tapes of Customer are in the custody or possession of this Company, Customer agrees not to pledge, hypothecate, assign or in any other manner encumber said film or films or any rights to said film or films without the prior written consent of this Company.
Terms of Payment	Customer agrees to pay Company for all services performed and materials supplied to Customer, within 30 days after such items are invoiced. Customer agrees to pay all costs and expenses incurred by Company in connection with the enforcement of any of the Company's rights hereunder, including Company's right to the collection from Customer of any sums due or to become due at any time from Customer. Included in the term "costs and expenses" customer agrees to pay actual attorney's fees which customer agrees shall be deemed to be fair and reasonable.
	Any claims which Customer may have against Company for adjustment or which in any way would affect any invoice must be presented to Company in writing no later than thirty days from the date of the invoice in question. Customer hereby irrevocably waives any claim for any such adjustment or change or modification in any such invoice in which such claim is not presented in writing to Company within said thirty-day period.

SERVICES AGREEMENT

THIS SERVICES AGREEMENT between WRS, Inc. ("WRS") and Plaza Entertainment, Inc. ("Plaza") and its principals—Eric Parkinson, Charles vonBernuth and Thomas Gehring, is made as of this 12th day of October, 1998.

A. Plaza and WRS have an existing manufacturing and business relationship, and Plaza has an immediate need for (i) working capital financing ("Financing") and (ii) certain administrative services, including, generation of sales invoices, collection of accounts receivables, performance of general accounting and related record keeping functions, monitoring and maintenance of inventories of packaging, finished goods, returns processing and repackaging (collectively, the "Administrative Services").

B. Plaza also needs to purchase post production services and video dubs (copies) in the normal course of its business (collectively, "Production Services"), has been obtaining Production Services from WRS on an open account basis pursuant to that certain Credit Application given by Plaza to WRS and WRS' standard terms and conditions ("Standard Terms") of sale which are a part of the Credit Application. Plaza owes WRS approximately $685,379.88 as of August 31, 1998 (subject to review and verification thereof), plus applicable interest thereon, for Production Services previously performed by WRS (the "WRS Receivable").

C. WRS, to enhance and increase its business relationship with Plaza, Eric Parkinson, Charles vonBernuth and Tom Gehring, and protect its interest in the WRS Receivable, is willing to perform the Administrative Services and continue to perform Production Services for Plaza on the terms and conditions described in this Agreement (all invoices for Production Services performed by WRS after the date of this Agreement are referred to as "New Invoices").

In consideration of the mutual promises set forth in this Agreement, the parties agree as follows.

Section 1. Administrative Services. Plaza hereby appoints and employs WRS as Plaza's exclusive agent to perform the Administrative Services for Plaza. WRS accepts said appointment and agrees to perform the Administrative Services for Plaza in accordance with the terms and conditions set forth in this Agreement. The performance of all activities by WRS, including the maintenance of all bank accounts relative to the Administrative Services, shall be as the agent of and for account of the Plaza. Plaza and WRS agree to arrange for a "lock box" or other similar arrangement with National Bank of Canada, its successor or other financial institution (the "Bank") for receipt of payment of Plaza's accounts receivable and distribution of such receipts in accordance with the terms of this Agreement. As compensation for the

EXHIBIT D

Administrative Services, Plaza shall pay to WRS a monthly fee (the "Monthly Fees") equal to the greater of (i) $5,000 or (ii) one percent of the aggregate amount invoiced by WRS for Production Services during such month (but not to exceed $20,000 per month). In addition, Plaza shall reimburse WRS for all out of pocket expenses incurred by it in the performance of the Administrative Services (but excluding any personnel costs). WRS shall provide Plaza with a monthly statement setting forth the fees and expenses incurred on behalf of Plaza during such month, each of which shall be paid directly by Plaza to WRS within 30 days of the statement date. In the event any invoice remains unpaid after 30 days, WRS shall have the right to instruct the Bank to make payment of such invoice to WRS from the funds in the lock box account.

Section 1.1 Distribution of Lockbox Funds. The parties agree that until such time as all amounts owed to WRS by Plaza are less than 60 days, WRS shall instruct the Bank to distribute the funds in the lockbox account on a weekly in accordance with the following procedures:

1. With respect to each payment made by a customer of Plaza which is received during such week, WRS shall match such payment to the WRS invoice to Plaza for the products which are the subject of such customer's payment. If the payment (i) relates to the WRS Receivable then WRS and Plaza shall instruct the Bank to distribute an amount equal to 50% of each such payment to WRS and (ii) (ii) relates to a New Invoice then WRS and Plaza shall instruct the Bank to distribute an amount equal to 30% of each such payment to WRS;

2. WRS shall instruct the Bank to distribute the remaining funds to Plaza or in accordance with Plaza's instructions.

It is the intention of the parties that the arrangement contemplated above will result in each New Invoice being paid in full within 60 days of the date of such invoice. To the extent that New Invoices are not kept current under the distribution arrangement set forth above the parties agree to negotiate in good faith an appropriate distribution arrangement which will keep Plaza current on New Invoices; provided however in no event shall any New Invoice remain unpaid for more than 89 days after the date of such New Invoice.

Section 1.2 Incentive. As an incentive to foster the business relationships contemplated by this Agreement and to provide financial assistance to Plaza, WRS agrees to provide Plaza a credit against the WRS Receivable equal to fifty cents on the first 300,000 dubs that WRS produced for Plaza, such credit to be applied on the first anniversary of this Agreement or such earlier date as Plaza shall become current on all outstanding invoices from WRS; provided, however, such credit shall only be made if Plaza has fully complied with the terms of this Agreement.

Section 2 WRS' Internet Web Site. WRS agrees to place all of Plaza's titles, including the Hemdale titles, on WRS' Internet Web Site at full retail prices to obtain additional marketing exposure for Plaza.

Section 3 Assistance. WRS agrees to assist Plaza in its efforts to obtain adequate and appropriate financing with National Bank of Canada and/or other entities WRS deems appropriate, by effecting introductions to such entities, and if required, by partially subordinating its security interests in the WRS Receivable provided that the proceeds of such financing are used to satisfy a portion of such Receivable. Any resultant financing will be subject to Plaza's approval. It is mutually agreed that Plaza and its principals, Eric Parkinson, Charles vonBernuth and Tom Gehring (collectively, the "Principals"), will execute such documents as are required to accomplish the foregoing and to confirm that WRS shall have a security interest in all proceeds from all business activities of Plaza from any and all sources (excluding video kiosks), and/or any future entity WRS may designate to perform this function by until further notice; provided, however, that at such time as Plaza shall be current on payment of all invoices, the security interest in proceeds granted to WRS under this Section shall be limited to the proceeds of Plaza's distribution activities in the United States.

Section 4 Production Services. Plaza agrees that WRS shall have the sole and exclusive rights to perform Production Services for Plaza for all videos to be distributed in the United States, and WRS agrees to perform such Production Charges for Plaza in accordance with the current prices between WRS and Plaza in effect (copy attached) and reviewed annually. All other WRS services not listed that Plaza requires will be discounted 25% from WRS' then published prices. Plaza further agrees that WRS shall be its exclusive supplier of dubs and all of those other services WRS routinely provides for Plaza's product delivery to its domestic and international clients.

Section 5 Term This Agreement shall remain in effect until such time as the WRS Receivable and New Invoices shall have been paid if full. Thereafter, either party shall have the right to terminate this Agreement by giving the other party ninety days' written notice of termination. In the event of price disagreements at any annual price renegotiation contemplated in Section 4, WRS shall have the right of first refusal, but not the obligation to match any bona fide written competitive offers made by other first class laboratory facilities. It is mutually agreed that any such price reductions shall be correspondingly matched with the caliber and quality of workmanship and materials as are being offered by the competitive laboratory.

Section 6 Security Interest; Financial Information; Guaranty. Plaza hereby acknowledges that Plaza has granted WRS a security interest in certain collateral (the "Collateral") described in the UCC-1 Financing Statements previously filed with the Secretaries of State of California and Pennsylvania, copies of which are is attached to this Agreement, and agrees that it shall execute such documents as may be reasonable required by WRS to maintain the effectiveness of such filings and to protect WRS' interest in such Collateral to the extent reflected on such Financing Statements. In addition, Plaza shall provide WRS and/or National Bank of Canada with all such financial information concerning Plaza as WRS and/or National Bank of Canada shall reasonably request in order that WRS and/or National Bank of Canada can monitor Plaza's financial position and WRS can provide such administrative assistance as Plaza may from time to time require. In the event of a breach by Plaza of any of the terms of this Agreement or in the event Plaza shall become insolvent, WRS shall have the right to exercise any and all remedies as a secured creditor provided by provisions of the Uniform Commercial Code in effect where such Collateral is located. As a further inducement to WRS to enter into this Agreement, each of the Principals hereby guaranties the performance by Plaza of its obligations under the terms of this Agreement, including the payment of the WRS Receivable and New Invoices, and any other charges, expenses (including reasonable attorney's fees) and costs reasonably incurred by WRS in any proceeding to enforce any of the terms of this Agreement (collectively, the "Collection Expenses")

Section 7 Acknowledgements. The parties acknowledge and agree that this Agreement is intended to set forth the parameters of a working relationship which will promote their individual interests and to provide with WRS with incentives to continue to perform Production Services for Plaza. Accordingly, the parties agree to negotiate in good faith to establish the procedures necessary, and to execute any and all documents and further agreements that may be reasonably required, to more fully implement the terms of this Agreement.

Plaza Entertainment

By______________________ ______________________
Title: Witness

______________________ ______________________
Tom Gehring, Principal Witness

______________________ ______________________
Charles vonBernuth, Principal Witness

______________________ ______________________
Eric Parkinson, Principal Witness

WRS, Inc.

By______________________
Title:

any and all remedies as a secured creditor provided by provisions of the Uniform Commercial Code in effect where such Collateral is located. As a further inducement to WRS to enter into this Agreement, each of the Principals hereby guaranties the performance by Plaza of its obligations under the terms of this Agreement, including the payment of the WRS Receivable and New Invoices, and any other charges, expenses (including reasonable attorney's fees) and costs reasonably incurred by WRS in any proceeding to enforce any of the terms of this Agreement (collectively, the "Collection Expenses")

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Plaza Entertainment

By_______________________ _______________________
Title: Witness

_______________________ _______________________
Tom Gehring, Principal Witness

Charles vonBernuth, Principal Witness

Eric Parkinson, Principal Witness

WRS, Inc.

By for F. Jack Napor.
Title: C.F.O.